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NORTHWEST DIVISION  
OFFICE OF REPORTS AND ESTIMATES

WORKING PAPER

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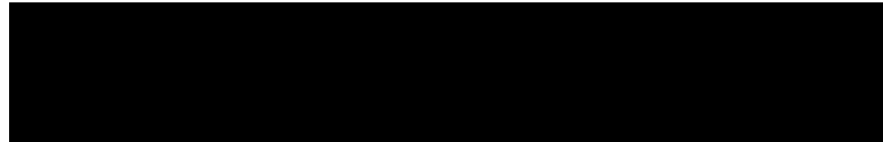
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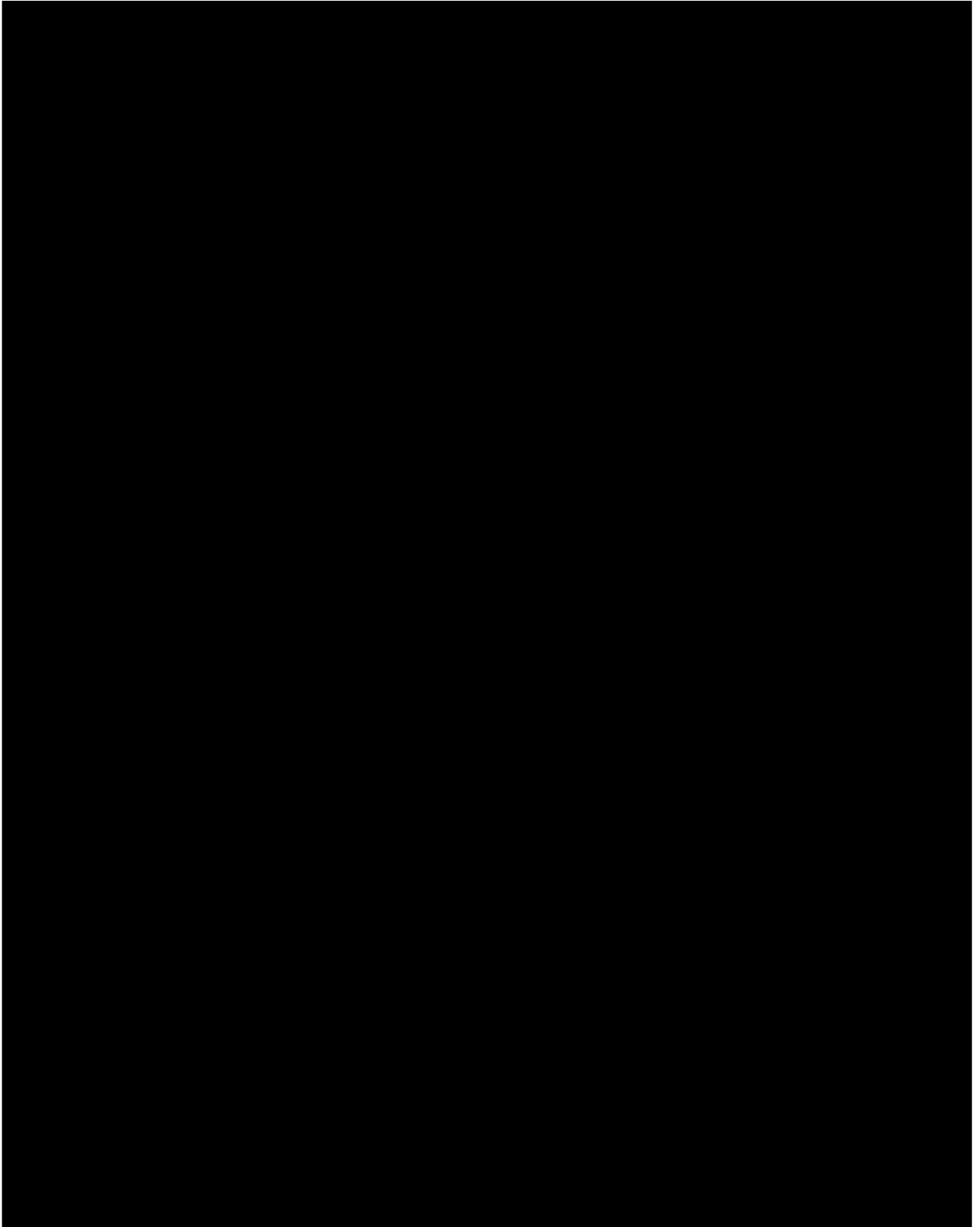
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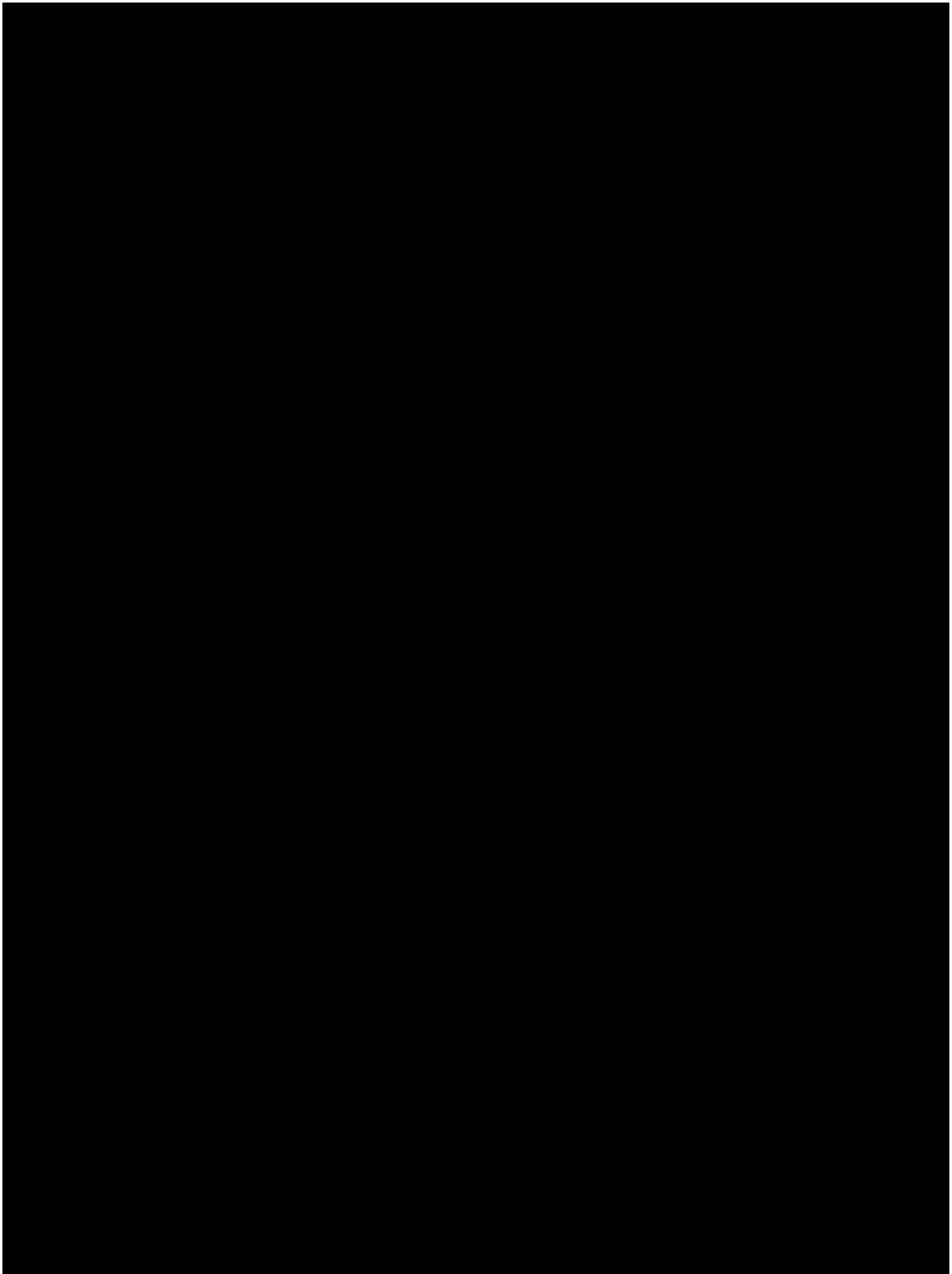


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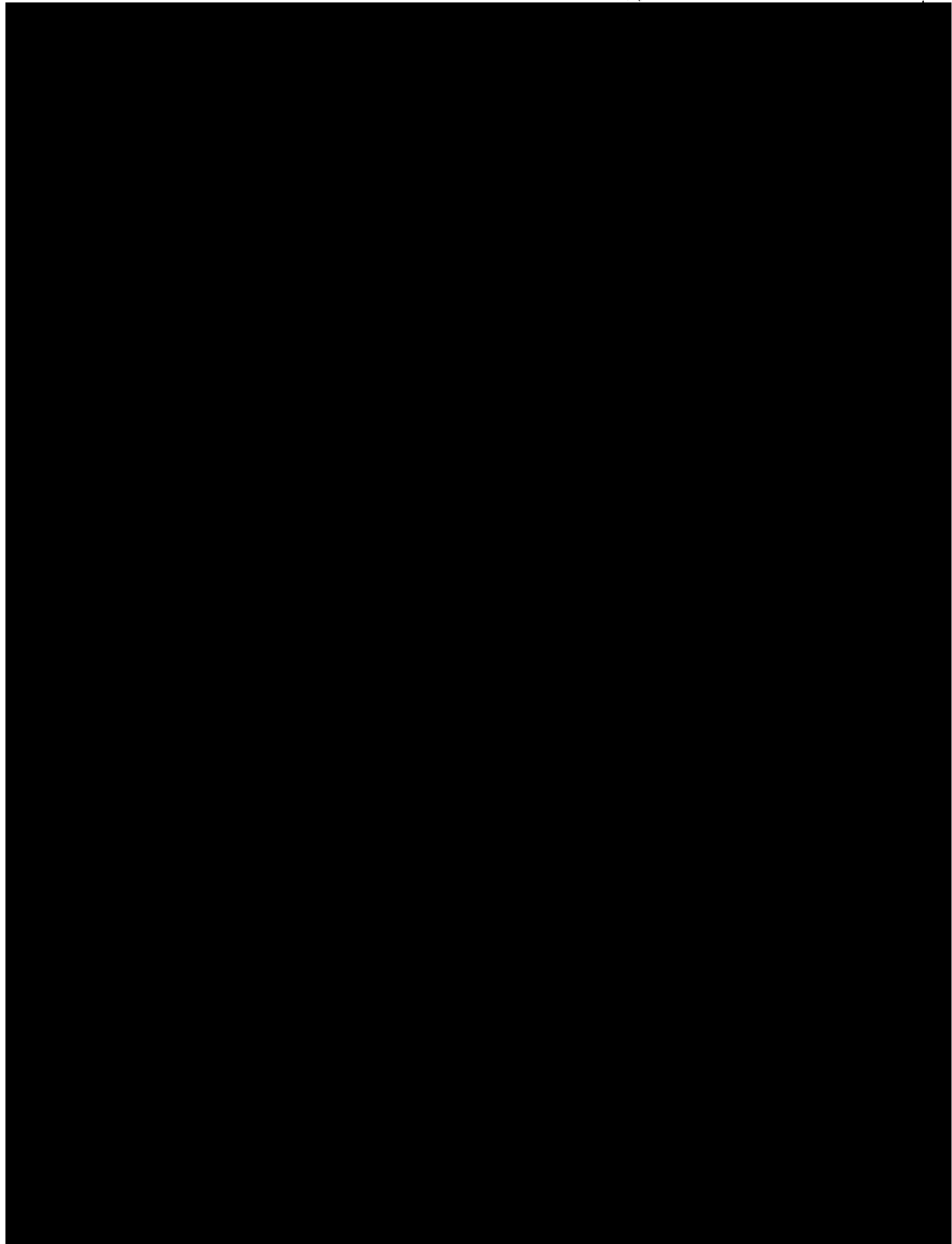
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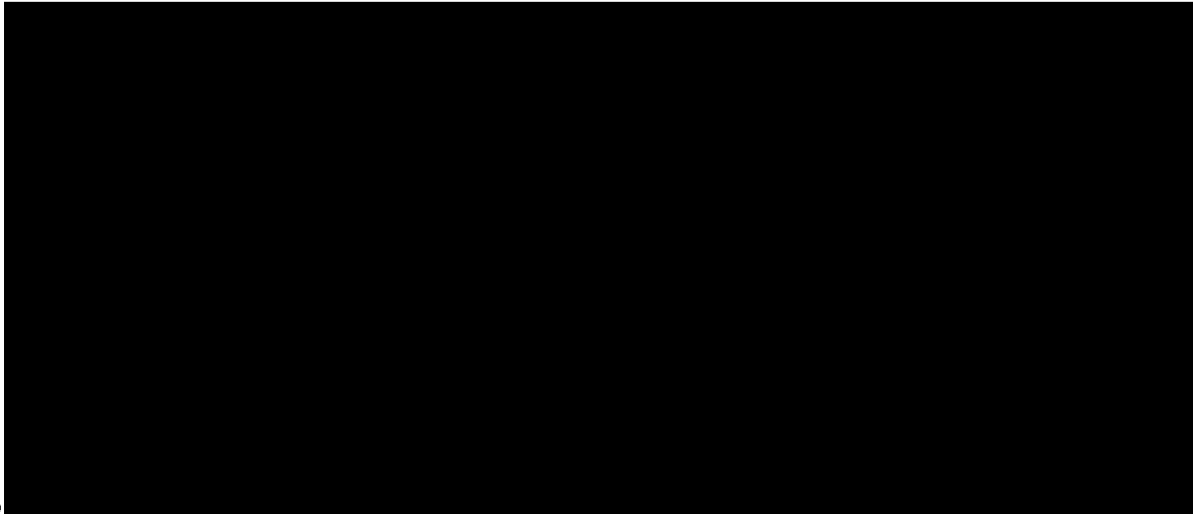


\* See ND Weekly No 88, 31 October

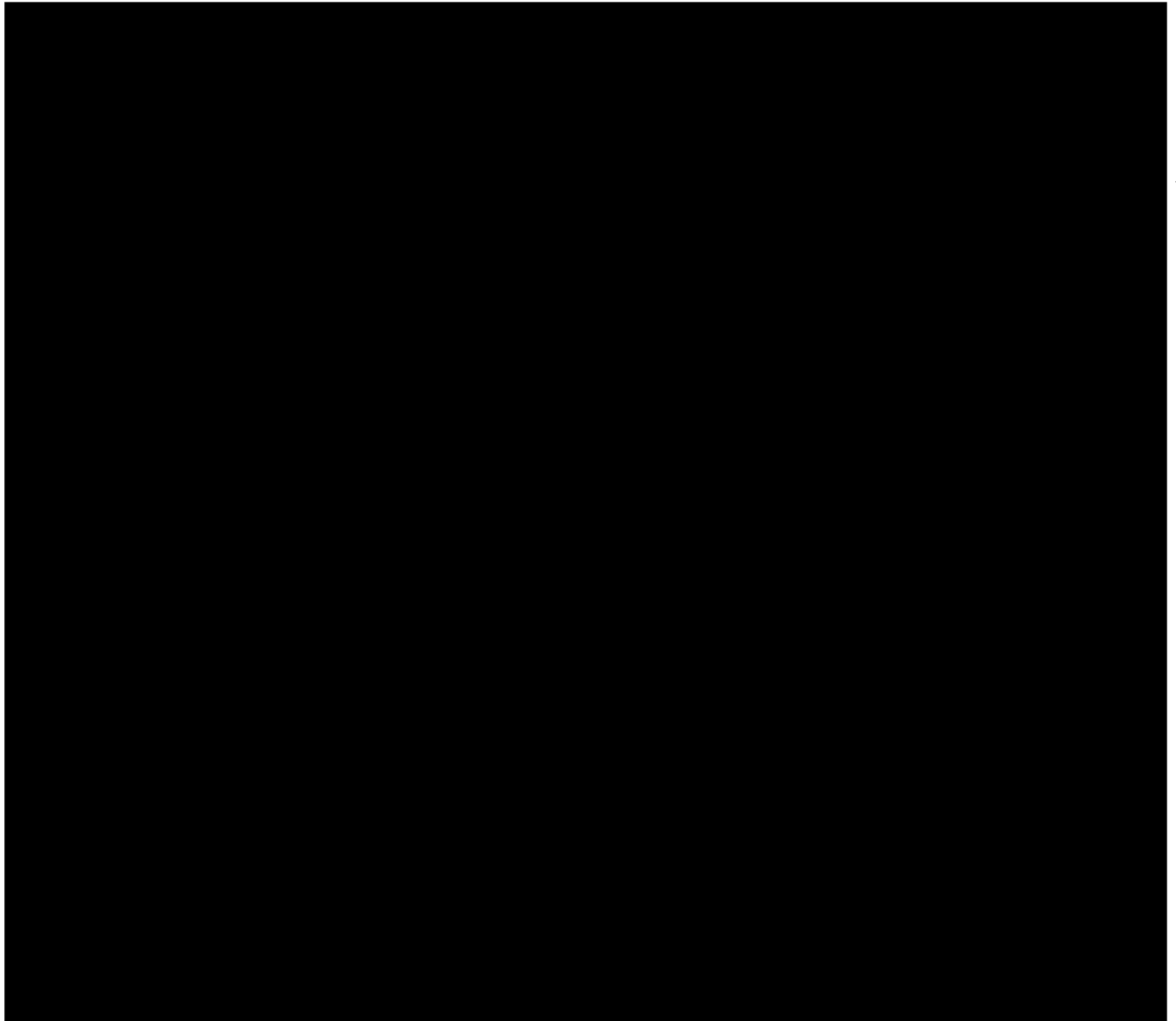
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6. Nigerian nationalists seek foreign aid for independence movement

For the first time Nigerian nationalists are planning to attend a Communist-sponsored international conference to publicize their demand for independence from Great Britain and to request political and material aid towards that end from the USSR or any other nation which will support the nationalist movement. Head of the delegation to the International Conference on Human Relations in Prague is Dr. Nnamdi Azikiwe ("Zik"), whose press in Lagos has long been demanding "liberation of Nigeria in 1950." Zik is no Communist, but a career nationalist, who may now be gambling upon regaining his once preeminent influence in the nationalist movement by appealing for Communist support as the best available means of restoring prestige lost in large part this year to younger and more extreme rivals. Even if unsuccessful, Zik's reputation at home will be enhanced by this presentation of the case for Nigerian independence before an international forum.

Though Zik and Nigeria's extreme nationalists have since May boycotted the Colonial Government's provincial and regional conferences for revision of the constitution, there has, nevertheless, been wide popular support for the British plan. On the basis of conference recommendations, the Government's legal officers will draft a new constitution for presentation to the native representatives of the Legislative Council. It is expected that agreement will be reached upon a constitution establishing a federal union considerably less centralized than the present government and so reducing the tensions among the Hausa, Ibo and Yoruba peoples that have hitherto contributed to general instability.

Union of South Africa

7. Government proposes to request UK to cede High Commission Territories

The UK's firm policy not to cede its native protectorates of Bechuanaland, Basutoland and Swaziland to the Union of South Africa without the consent of their hitherto un-receptive populations may be tested early next year by formal South African request for cession. Prime Minister Malan

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recently announced that he would ask Parliament upon its reconvening in January to send a deputation to the UK to achieve incorporation of the three High Commission Territories as provided for by the British Parliament's 1909 Act of Union establishing South African statehood. Referring to the fact that the territories are all contiguous to and dependent upon South Africa (Basutoland is an enclave) but administered by the UK Commonwealth Relations Office, Malan asserted it was intolerable that they should remain subordinate to a "foreign country" and suggested they they might be cut off from trade with South Africa until forced to agree to incorporation.

Incorporation of these territories, like that of South-West Africa, has always been an important objective of Afrikaner nationalism and of the Nationalist Party in particular. The timing of Malan's announcement can probably be explained by the Government's current campaign to whip up flagging political interest in Nationalist Party fortunes. But South Africa has good reason to approach the transferal problem with caution. Because of both political and economic difficulties, the Government is in no position to risk the loss of British cooperation or of any more international goodwill. Any referendum of the territories' populations as promised by the UK before transferal could only embarrass South Africa, since almost all Europeans and natives in the total population of over 900,000 are vigorously opposed to inclusion within the Union. Any South African trade boycott of the High Commission Territories would hurt the Union by cutting off a labor supply of over 100,000 protectorate natives at a time of national shortage of mining, industrial, and agricultural workers. Even in official circles there may be some doubt about the wisdom of incorporating new areas which have always been economic liabilities and of adding new Bantu blocs to an increasingly rebellious native majority.

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The lambasting of ECA mission chief Carrigan by an Irish business journal, while not representing a majority Irish view, may do some damage to US prestige in that country. Carrigan is accused of regarding himself as administrator of Ireland's entire economic life and advocating that Ireland concentrate on agricultural production and not try to develop any large industries. Irish Industry, an aggressive, shrill-noted advocate of the cause of industrial development in Ireland, has denounced this as the "unwanted interference" about which it has been warning right along. Irish manufacturers always bristle at any criticism, imagined or real, of the system of heavy protection they now enjoy, and they can count on the sympathy of the traditional nationalist, who has always yearned for the unattainable goal of economic self-sufficiency. Actually, the ECA mission in Ireland deserves a good share of the credit for Ireland's remarkable agricultural recovery, and, naturally, ECA is popular and will surely become more so if, as is now planned, next year's allocation includes a token grant instead of being entirely on a loan basis.

However, the criticism of Carrigan comes at an unfortunate time in US-Ireland relations. Irish officialdom is already somewhat annoyed at the US over the recent air negotiations.\* Irish public opinion has also recently been shocked by reprints of a New York Times story containing the assertion that the US wants another international airfield in Ireland primarily for strategic reasons, so that the USSR "would have to use two atomic bombs instead of one to render Ireland an impossible base for reprisal bombing..."

Irish Industry has now raked Carrigan for two issues running. Although its attack won't cause official second thoughts about ECA, it might make the Irish even more hesitant to conclude the commercial treaty with the US which has been under negotiation for many months and which is interpretable by some industrialists as diluting the protection they enjoy. Furthermore, the Irish Industry blast is probably encouraging to pro-neutrality and isolationist sentiment in Ireland.

\* See ND Weekly No 84, 3 October

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SCANDINAVIAN BRANCH

GENERAL

1. Scandinavian views on pulp prices

Unless convinced that by price cutting more dollars will be earned, it is not believed the Scandinavians will undertake price reductions on pulp in the immediate future. Feeling assured of a certain amount of the UK market under present conditions they prefer the status quo to the risks involved in lowering prices to increase sales. After devaluation there was a temporary increase in Scandinavian pulp exports to the US brought about by price reductions on isolated shipments, but prices now have become stabilized at old dollar levels. The decision to keep dollar prices for pulp at pre-devaluation levels, which was ordered by the Scandinavian pulp cartel, means a gain to producers of 44 per cent on exports in terms of Swedish and Norwegian currencies. The increased returns in local currencies will re-establish profit ratios which were earlier adversely affected by successive price reductions enforced by American and Canadian competition.

Appreciation of the Canadian dollar in terms of the British pound has given Scandinavian (particularly Swedish) producers an advantage in the UK which is being exploited. Just prior to devaluation slight reductions were agreed upon in prices to be paid by Britain for Swedish pulp during the last quarter of 1949, which indicates the Swedes could if they wished deliver pulp in the US at prices substantially below current quotations. However, the UK is generally considered a more permanent market than the US for large movements of pulp.

Since devaluation has shielded Scandinavian pulp producers against competition of American and Canadian pulp in Europe it is possible that Scandinavian producers will raise prices on shipments to European countries to the extent that the crown equivalent of these prices is the same as the crown equivalent of dollar prices obtained in the US. Such action would have an inflationary effect on intra-European trade and would be contrary to US policy of competition as envisaged and advocated in encouraging devaluation.

Although uncertainty exists, a feeling seems to prevail that costs will rise as a result of devaluation and also

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that a reduction below American price levels would begin a price war, the consequences of which would be reduced dollar earnings despite increased sales and possibly agitation for discriminatory measures against Scandinavian imports. Thus, at present, it is believed that the decision to maintain pre-devaluation dollar quotations, particularly in view of an expanding pulp market, is a trade tactic and that Scandinavian exporters are awaiting possible price moves by American and Canadian suppliers.

## 2. Attitude of the Scandinavian countries toward the East German State

Recognition of the East German Republic is being considered by the three Scandinavian Governments. It is highly unlikely that any of the three countries will extend de jure recognition, but each country will attempt to work out some modus vivendi so that trade relations can continue. The Danish and Norwegian Governments must take some early action since trade agreements with the former Soviet Zone of Germany expire next month. Since the Swedish-East German trade agreement does not expire until June 1950, Sweden does not have to make a decision at present and thus will be able to benefit from the experience of Denmark and Norway. It is probable that the three countries will discuss the problem with a view to reaching a common solution.

### NORWAY

## 3. Chaos and confusion in Norwegian Communist Party

As a corollary to the expulsion on 27 October of the leaders of the so-called Furubotn faction, the Norwegian Communist Party (NKP) is temporarily in a state of turmoil, characterized by chaos in Oslo and confusion in the provincial districts. Strand-Johansen, the leading figure in the polemics which preceded the Furubotn faction's expulsion, appears to have suffered a severe nervous breakdown and is presently struggling with imaginary Titoists and Trotskyists in the Oslo Municipal Hospital. Furubotn has not been seen since the schism was made public, and his whereabouts is the subject of sensational but unrevealing speculation by the non-Communist press. The application by certain of the ousted leaders for re-instatement has been indignantly rejected by the NKP's Central Executive, which now contains only Løvlien adherents, with the remark that the Central Executive is not "a parlia-

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mentary institution which members may leave and rejoin at will". Various local Communist groups have passed resolutions supporting the expulsion of Furubotn and, according to press reports, at least two groups have denounced the expulsion. The situation in Bergen, generally considered to be Furubotn's stronghold, is particularly obscure as followers of Furubotn have not raised a voice to dispute the Løvlien group's assertion that the majority of the Bergen district supports Furubotn's expulsion.

The present internal dissension greatly weakens the NKP, but there is little reason to conclude that this situation will be prolonged indefinitely. Intra-party confusion will continue until a National Party Congress (an extraordinary congress has been scheduled for February 1950) regularizes the actions which the Løvlien group has already taken. Although the rank and file strength of the Furubotn group is not clearly assessable, it is highly unlikely that it is sufficiently strong to effect a reversal of the Central Executive's actions, particularly since the Løvlien group controls the party's administrative machinery and press and has three months in which to ensure that the majority of the Congress delegates will be Løvlien supporters.

#### SWEDEN

##### 4. Swedish coal imports from Poland

Poland remains Sweden's largest supplier of coal despite unfavorable prices. In negotiations recently concluded the dollar price of Polish coal was reduced by approximately 14 per cent, but this nevertheless will be roughly 24 per cent higher than previously in terms of the devalued krona. Price quotations on British coal are slightly lower, but the UK cannot satisfy Sweden's extensive requirements, and devaluation has precluded the US as a source. However, conversion to the use of oil, increased production of hydro-electric power, and increased deliveries of coal and coke from the UK and the Ruhr have made Sweden less dependent on Polish coal. The latter factors, plus substantial stockpiles enabled Sweden to discontinue Polish coal imports last May due to high prices asked at that time, and may also account for the decrease in the quota of coal and coke from 4 million tons in the expired agreement to 3 million tons in the new agreement. Changed circumstances are also reflected by comparison with 1948 figures when out of total coal and coke imports amounting to 7.2 million tons, 3.6 million tons were imported

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from Poland. Despite the increased use of other power within Sweden and the increased availability of other sources of supply, Poland will nevertheless furnish nearly half of Sweden's solid fuels for the next year.

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